

FY 2001 COMMERCE BUDGET IN BRIEF

INTRODUCTION

ABOUT THE BUDGET IN BRIEF

This Budget in Brief provides a summary of the Department of Commerce's programs that will address the Nation's needs. It provides details on our initiatives, priorities, and programs in the President's Budget and identifies the resources we need to conduct new and on-going projects.

The Budget in Brief contains several sections. The Introduction highlights the Commerce Department's programmatic missions and describes how we support the President's agenda and the Administration's priorities. It also identifies the overall resource levels that we seek for FY 2001, describes the other elements that comprise our budget request, describes our specific initiatives and priorities for FY 2001, and provides a framework that links our strategic themes with our programs and goals.

Following the Introduction is a summary section containing tables and charts describing the Department. The bulk of the Budget in Brief follows, that being a bureau-by-bureau description of our program activities and budget requests. The last portion of the Budget in Brief contains legislative requirements and a Department-wide summary.

The Government Performance and Results Act (GPRA) mandates that each federal department produce an Annual Performance Plan (APP) and submit it to Congress with the department's budget submission in early February. The FY 2001 budget represents significant work by the Department of Commerce to integrate the Commerce budget and the FY 2001 APP with the Department's FY 1999 Performance Report which will be submitted in March, 2000. This has enabled us to link performance measures and targets with the annual budget as intended by GPRA.

The Budget in Brief is now available electronically through the Department of Commerce's website, at <http://www.doc.gov/bmi/budget>, and in CD-ROM format. The CD-ROM also contains the APP and the Department of Commerce's proposed FY 2001 budget in full.

POLICY OVERVIEW

The American economy is the strongest it has ever been: the current economic expansion is the longest in history, more than 20 million new jobs have been created, the unemployment rate is the lowest in three decades, and we have the largest budget surplus (in dollar terms) in the history of our country. It demonstrates that President Clinton and Vice President Gore's strategy of fiscal responsibility; investing in education, training, and technology; and opening markets abroad is working for the American economy and for America's working families.

The Department of Commerce's FY2001 budget builds on the Administration's strong record of fiscal discipline and strategic investments. The Department's budget focuses on the following key areas:

Moving Our Economy Into the 21st Century — The Department's FY2001 budget includes \$175 million to help provide more people access to the Internet, to connect more communities to high-speed Internet access, to help more businesses become e-commerce ready, and to incorporate e-commerce measurements into our economic statistics.

Counting Every American — In order to successfully complete Census 2000, the Department's budget includes \$393 million. This funding will enable the Census Bureau to provide critical census data for the apportionment of Congressional seats, the re-drawing of legislative districts, and the distribution of over \$200 billion in Federal funds.

Ensuring All of America Benefits from Our Prosperity — The Department's budget includes \$28 million to help build the capacity of America's minority serving institutions, which will, in turn, provide new opportunities for people to learn skills in science and engineering. The Department's budget also includes \$54 million to help spur economic development on tribal lands and \$10 million for the Mississippi Delta region.

Building a New Consensus on Globalization — To help build a new consensus for global trade, we are requesting \$69 million. The Administration's FY2001 budget provides \$21 million for stronger enforcement of our trading laws, including – for the very first time – the placement of compliance officers overseas and \$4.0 million for trade promotion. EDA's Economic Adjustment grants program will double from about \$35 million to \$70 million to address in part the impacts of changing trade pat-

terns and \$10 million to help communities get back on their feet after a sudden and severe economic dislocation.

Protecting Our Environment While Growing Our Economy —

This initiative proposes building on the Administration's strong support of environmental issues - from building an impressive record of improving predictions for severe storms, to balancing economics with the need to protect and sustain fish and marine mammals, to working with states to develop solid coastal management programs. The cornerstone of this initiative is Lands Legacy. The total FY 2001 Lands Legacy increase of \$266 million will continue the environmental mandates that are crucial in striking a balance between environmental conservation and economic growth.

Managing the Commerce Department for the 21st Century —

Good management continues to be a cornerstone for the Department and a high priority for the Secretary. Our Departmental management strategy will fundamentally improve the delivery of services to our customers and will continue to build upon our past management accomplishments.

THE FY 2001 BUDGET

The Commerce budget proposals will strengthen the economy, provide new opportunities for families and communities, and strengthen the Nation's natural resources, statistical infrastructure, and critical infrastructure. The budget builds on the President's initiatives for FY 2000 and supports Administration priorities for FY 2001. In developing the budget, the Department of Commerce proposed investments that would be most helpful to the business community and the environment, that would make sure all people benefit from a 21st century driven by technology and globalization, that would further Commerce national security and export goals, and that would expand economic opportunities for all Americans. These policy interests are reflected throughout our request.

The Department is requesting a total budget of \$5.4 billion for FY 2001, \$3.1 billion below our FY 2000 budget. The total request includes about \$393 million for the successful completion of the Decennial Census and \$875 million in initiatives. The major components of each bureau's proposed increases are explained in the context of the following key areas.

Priorities and Initiatives

Moving Our Economy Into the 21st Century by Accelerating the Transition to Electronic Commerce

One of the Department's top priorities is to accelerate the transition to e-commerce for all Americans. In the past year, the Department has released two reports that show the opportunities and challenges of the New Economy. While our Emerging Digital Economy II report showed that growth in the information

technology industry accounted for more than one-third of our Nation's economic growth since 1995, our Falling Through the Net III report provided evidence that the gap between the technological "haves" and "have-nots" continues to grow. The Department's \$175 million e-commerce initiative focuses on ensuring that information technologies remain an engine of economic growth and that we take more steps to close the digital divide in America. This initiative has six major elements:

Helping More People Benefit from E-Commerce -- \$50 million for the Home Internet Access Initiative. The Administration proposes \$50 million for a new grants program that would provide low-income individuals and families with the connections, training, and support necessary for full participation in today's increasingly online society. The Administration will work with private industry, local organizations, and academia to develop a program description that will be announced in the near term.

-- Triple the Technology Opportunity Program to Help Close Digital Divide. To further close the gap between information "haves" and "have nots," the Department proposes to triple our investment in the Technology Opportunity Program (TOP) -- formerly known as the Telecommunications Information Infrastructure Assistance Program (TIIAP). The \$29.5 million increase in funding for this successful program will support additional community-based projects that demonstrate innovative uses of E-commerce tools and technologies that benefit the public. This increase will also allow a more equitable distribution of funds between rural and low-income, urban areas across the country.

Helping More Places Benefit from E-Commerce -- New Broadband Deployment Initiative. While high-speed Internet access is coming to more and more American communities, too many areas still do not have it, meaning fewer jobs as businesses relocate to areas with Broadband. The Department's request of \$23 million for EDA public works grants will encourage the deployment of increased bandwidth in distressed urban and rural communities. This program will provide states and local areas funds to plan for and install high-speed Internet access infrastructure to help attract new business and job opportunities in our Nation's under-served communities. NTIA's \$2.0 million request will allow for research to find a widely acceptable and affordable method to integrate voice telephone and Broadband real-time services with additional Internet services. Research will help reduce the geographical and economic barriers to Broadband availability, making its application more widespread, especially in rural and disadvantaged areas.

Helping More Businesses Benefit from E-Commerce -- Initiative to Help Manufacturing Firms with e-commerce. This \$19 million initiative will help empower small and medium-sized manufacturers with the information and technical assistance they need to become e-businesses. With more and more large manufacturers using the Internet for supply chains, small and

medium-sized manufacturers who are not connected will find themselves falling behind in the years ahead. The International Trade Administration's (ITA) Trade Development and US&FCS requests a \$10 million export initiative targeted at small and medium sized manufactures which would focus on the new business framework arising from e-commerce, close the gap between manufacturer export potential and actual performance, and deploy a next generation trade promotion strategy made possible by e-commerce. Building on the successful cooperative Y2K outreach model, the ITA and the National Institute of Standards and Technology (NIST) will request \$9 million to work with the Small Business Administration (SBA) and the United States Department of Agriculture (USDA) to provide tens of thousands of small and medium-sized manufacturers with e-commerce tool kits.

-- Initiative to Develop Interoperable e-commerce Standards. The Department requests \$5 million to increase the utility of e-commerce applications by making them more interoperable. Many applications designed to make e-commerce more reliable, efficient, and secure simply do not work together; indeed, more than 100 e-commerce-related standards are currently under development, which will potentially fragment the e-commerce marketplace. These funds will allow the Department to work with industry to develop interoperable e-commerce standards, including wireless technologies, tested methods, and procedures to enhance security and reliability at all levels.

Helping More Businesses Grow Through E-Commerce. -- The Department's budget includes \$0.5 million for the Minority Business Development Agency (MBDA) to increase its e-commerce matching opportunities for minority enterprises, and \$1.6 million for the International Trade Administration (ITA) to expand its virtual trade missions to enable small and medium-sized enterprises that adopt e-commerce business models to increase exports to global markets.

Measuring the Digital Economy -- Initiative to Include e-commerce Measurements in Economic Statistics. Decisions are only as good as the information on which they are based. Traditional categories and measures used within our national economic statistics are inconsistent and/or incompatible with e-commerce. Thus, unless its results are captured in the national statistical measures, we face the possibility of seriously underestimating productivity and growth in our economy. The importance of accuracy in these data cannot be overstated; for example, the Federal Reserve uses them to help determine whether to raise or lower interest rates, and businesses use the information every day to make production decisions. Therefore, the Department proposes \$13 million for the Department's Economic and Statistics Administration (ESA), including the Census Bureau, to ensure that e-commerce is appropriately measured and that the measurements are incorporated into national statistical measures. We also want to continue funding (\$0.4 million) for the often cited report, "Falling Through the Net," which gauges the extent to which all Americans have access to the "information age."

Using E-Commerce Tools to Administer the Department into the 21st Century — With \$6.3 million, we will build a modern electronic infrastructure for the Department to fundamentally improve the delivery of services to Commerce customers. And, with \$25 million, we will increase efficiency and improve Patent and Trademark Office (PTO) processes with e-commerce tools.

Counting Every American

The Decennial Census has been conducted since the birth of our nation. A successful census is critical because, as required by the Constitution, census data are used to reapportion seats in the House of Representatives. In addition, every year, the government awards billions in federal funds to localities on the basis of census numbers, and states use census data, among other purposes, to redraw the boundaries of congressional districts. Census data is important for local governments to help plan for roads, schools, hospitals and other public services. Businesses and private citizens also depend on census data for such purposes as marketing and planning.

The Administration is committed to the fairest and most accurate census count possible. With \$393 million for the Decennial Census in the FY 2001 budget, we can deliver on that promise by providing the President with apportionment data by December 31, 2000 and delivering to the states adjusted data for redistricting by March 31, 2001.

Ensuring All of America Benefits from Our Prosperity

The Department's budget includes \$28 million to help build the capacity of America's minority serving institutions, which will, in turn, provide new opportunities for people to learn skills in science and engineering. The Department's budget also includes \$54 million to help spur economic development on tribal lands and \$10 million for the Mississippi Delta region.

Expanding Commerce's Partnerships with Minority Serving Institutions — The Administration is requesting \$28 million in new funding to be channeled through NOAA (\$17 million) and NIST (\$11 million) to address well-known and long-standing problems of developing partnerships with Minority Serving Institutions (MSIs). This will enable us to support the President's Executive Orders to provide assistance to the Nation's Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions, and Tribal Colleges and Universities. The Department's twin goals in support of these Executive Orders are to expand scientific capacity at these institutions and to attract more minorities to critical science fields.

Statistics about minority graduates in science and engineering say one thing loud and clear: there are simply not enough minority scientists and engineers to meet the demand of the American economy in the 21st century. The Department of Commerce is approximately 75% science and technology-

based in terms of programs, and under-representation of minorities in these programs is severe, long-standing, and well-documented. According to the Census Bureau, Blacks and Hispanics comprise some 12.8 percent and 11.6 percent of the population, respectively. However, according to the National Science Foundation, they account for only 2 percent of the scientific workforce. MSIs are the only realistic way to increase minority representation in these fields because most of the “best and the brightest” minority students matriculate at MSIs. The statistics bear this out. For example, 40% of African-American students receive undergraduate degrees at HBCUs. But 85% of black physicians, 80% of black Federal judges, 75% of black lawyers, 75% of black military officers, and 75% of black Americans who hold doctoral degrees all received undergraduate degrees at HBCUs.

This is also a problem for the economy at large and requires a visible and substantial response. But, there are no simple or quick solutions; we must invest in a sustained and strategic way. MSIs serve minority students very well. MSIs graduate half of the minorities going into science or engineering. Any reasonable strategy to increase minority graduates in science or engineering must include a central role for MSIs. With these conclusions in mind, we must face the reality that few MSIs today have the capacity to offer state-of-the-art science and engineering studies, particularly at the graduate degree level.

In NOAA, we are proposing to create three Cooperative Science Centers in oceanic, atmospheric, and environmental fields to form true partnerships with MSIs to strengthen their ability to participate in federal grant and contract research in a competitive way. In addition, NOAA will establish a Junior area scholarship/fellowship program to support training and eventual employment of MSI students and to implement a graduate scientist program to bring graduates into NOAA. One of the most novel components of NOAA’s MSI effort is the Environmental Entrepreneurship Program. This component will allow NOAA to build the capacity for minority individuals as well as minority-owned businesses to participate in contract work in environmental projects such as natural resources restoration.

NIST also would invest in MSI partnerships using the Center of Excellence model to improve access to state-of-the-art facilities and to create opportunities for minorities to produce technical publications and patents. Through the Commerce Student Fellowship Program and the NIST/NRC Postdoctoral Associateship Program, NIST will also offer an additional 47 Fellowships over five years to undergraduate, graduate, doctoral, and post-doctoral students. Finally, NIST will establish a collaborative metrology training center in at least one MSI and will develop two new NIST metrology training courses.

Promoting Native American Economic Development— While the country continues to thrive during one of the longest and strongest economic expansions in its history, Native Americans are one segment of the Nation’s population that has been

consistently left behind. This \$54 million program will promote self-sufficient economic development activities like tourism and will provide the capital to encourage more collaboration between the Native communities and adjacent non-native jurisdictions on economic development matters central to both communities.

Among the most distressed in the country, Native American communities suffer from a poverty rate twice the national average, unemployment rates eight times higher than the national average, and a median income less than two-thirds the national average. On July 7, 1999, President Clinton demonstrated his concern about this situation by visiting the Pine Ridge Reservation, home of the Oglala Sioux nation. This was the first visit by a sitting American President to a reservation since Franklin Roosevelt.

In keeping with the Administration’s “New Markets” initiative, the Department of Commerce’s Economic Development Administration (EDA) will concentrate \$49 million on the provision of both basic and advanced infrastructure needs. EDA will give priority to projects that emphasize the attraction of outside capital to, and the location of basic commercial business operations in, Native American communities. In addition, workforce development, including distance learning facilities, will be given high priority. Such facilities are urgently needed for the attraction of new businesses to these communities as well as for producing trained and knowledge-based Native American employees for nearby privately-owned, off-reservation businesses.

The FY 2001 request also includes \$5 million for ITA to use in the following ways. First, under the Department’s Global Diversity Initiative, ITA will engage in a rigorous outreach program to identify Native-American owned firms with core attributes for successful international sales (management skills, sound products, and internal resources), and to help provide them with sufficient capability to become successful exporters. Native American businesses are a constituency which traditionally under-participates in the American economy, and this sector has not prospered as much as the American economy as a whole. Second, the Native American culture and products have a continued fascination within the mainstream culture in this country, and certainly in many foreign nations. Increasing the amount of tourism which focuses on Native American culture and products will bring needed jobs and income into Native American communities, which are among the most economically depressed in the Nation.

Promoting Lower Mississippi Delta Region Economic Development— Commerce requests \$10 million to join a multi-agency effort that underscores the Administration’s commitment to revitalize this area of the country. As a result of the longest peacetime economic expansion in American history, some areas of the delta region have improved, but much work remains to be done. As part of this Federal effort, Commerce will work to revitalize local economies by financing public works

investments. We will build on our newly established EDA-US&FCS office in East Arkansas to help Delta businesses export more of their goods and services.

Building a New Consensus on Globalization

To help build a new consensus for global trade, we are requesting \$69 million. The Administration's FY2001 budget provides \$21 million for stronger enforcement of our trading laws, including — for the very first time — the placement of compliance officers overseas and \$4 million for trade promotion. EDA's Economic Adjustment grants program will double from about \$35 million to \$70 million to address in part the impacts of changing trade patterns and \$10 million to help communities get back on their feet after a sudden and severe economic dislocation.

Trade Law Compliance — To help build a new consensus for global trade, the Administration's FY 2001 budget provides an additional \$21 million for stronger enforcement of our trade laws, including a substantial increase in staff addressing Asia trade compliance issues related to China, Japan and Taiwan. And, as mentioned above, this initiative will also provide — for the very first time — the placement of compliance officers overseas.

The size of the global marketplace, coupled with the complexity of trade law issues that America faces in seeking to succeed within it, argues for a comprehensive approach to these issues by the Commerce Department. In FY 2001, the Department will devote a total of \$6 million on monitoring and enforcing trade agreement compliance with China and Japan, which combine to represent about half of the trade agreement monitoring issues facing American business. An additional \$2 million will be devoted to monitoring compliance with the EU and the rest of the world, and \$1.7 million will be used to establish a Trade Law Assistance Center.

Economic or related events in other nations may result in short- or long-term violations to trade agreements which warrant special expertise to address. In FY 2001, we will use \$6 million to establish two types of special teams: a mobile group of compliance experts who can provide "on-the-ground" support to address compliance and market access problems, and a resident group in countries which present long-term compliance challenges.

We face a number of surges in exports, and they warrant investigation, in order to determine if they derive from legitimate origins, such as changes in product demand and availability, or if they are caused by acts which violate trade agreements. To monitor these surges and to protect American business and consumers, an additional \$3.7 million is required.

The growth of the WTO, the speed at which negotiations can be conducted under it, and the number of nations participating in it, has created an increased number of negotiations which

must be conducted and agreements which must be enforced. In FY 2001, this increased workload will require an additional \$1.8 million to manage.

Trade Promotion — In addition to Trade Promotion, the Administration also proposes to Stimulate Environmental Exports. Increasing exports of environmental technologies is a classic win-win proposition: it helps grow our economy, and it promotes a cleaner environment overseas, especially in countries with environmental threats, at the same time. In addition to the \$11.6 million increase for promoting exports discussed under "Moving our Economy into the 21st Century by Accelerating the Transition to Electronic Commerce," our request includes a \$4 million Environmental Technologies Export Initiative. ITA will work in partnership with NOAA and NIST in assisting American firms to take advantage of a rapidly growing world market -- the global market for envirotech was about \$470 billion in 1997, and is projected to reach \$600 billion by 2010. Despite America's vast experience and technology leadership in this area, we are not realizing this market's potential, and we currently export only 9% of the output of this sector, proportionally far less than our competitors.

Helping communities get back on their feet after an economic dislocation — As the Administration continues to build on its record of expanding American exports around the globe, it relies on the expertise at EDA to work with communities who are adjusting to shifting international trade patterns. Under its Community Economic Adjustment program, EDA will provide \$10 million in Economic Adjustment grants to enable communities to develop long-term solutions to sudden and severe economic dislocation as a result of international trade. In addition, while we have the strongest economy in our history, there still are communities suffering from plant closings and other severe economic dislocations. As a result, EDA is requesting a doubling of its funding for the flexible Economic Adjustment grants program, from \$34.6 million in FY 2000 to \$70 million (an increase of \$35.4 million) with this FY 2001 budget. Portions of this increase will be crucial in assisting communities as they work to remain competitive in the global marketplace.

Protecting Our Environment While Growing Our Economy by Strengthening Our Natural Resources Infrastructure

The Department's budget request for an additional \$379 million seeks to integrate sound economic growth while maintaining our mission of protecting and managing our ocean and coastal resources. This budget also builds on productive partnerships with other Federal agencies to maintain and improve satellite coverage, coverage that enables better long and short term weather and climate predictions.

This initiative proposes an additional \$376 million for NOAA to build on the Administration's strong support of environmental issues - from building an impressive record of improving predictions for severe storms, to balancing economics with the need

to protect and sustain fish and marine mammals, to working with states to develop solid coastal management programs. We are also requesting \$3 million in grants for EDA to assist New England communities as fishery stocks in that region continue to recover. While a complete breakout of this funding request is available in the budget justification documents, the following presents highlights of the request.

The last century began with the establishment of the National Parks to conserve our lands. The Department starts this century with a budget that will expand the conservation of the oceans and coastal resources as part of the Administration's *Lands Legacy Initiative*. Commerce's increase of \$266 million for the Lands Legacy Initiative includes increased support for the National Marine Sanctuaries and National Estuarine Research Reserves, our ocean and coastal national parks. Our request also addresses the nation's coral reef crisis and seeks to reverse the degradation of coral reefs by implementing priority recommendations of the U.S. Coral Reef Task Force, including reducing the impacts of fishing on these sensitive and important habitats.

The Department's Lands Legacy Initiative expands our work with tribes, states, communities, and the private sector to improve protection and sustainable use of the nation's valuable ocean and coastal resources. Under its current Coastal Zone Management program, Commerce is seeking to dramatically increase available funding for grants and technical assistance available to coastal states to address the significant and costly impacts of rapid population growth, polluted runoff, deteriorating waterfront areas, and loss of coastal habitats. Under Lands Legacy, Commerce will also establish a \$100 million Coastal Impact Assistance Fund to provide coastal states currently involved in offshore oil and gas production with additional resources needed to protect and sustainably use ocean and coastal resources. This fund will help states and local communities develop the tools to minimize the risks from coastal development including oil and gas activities.

Restoring the once-mighty Pacific salmon runs continues to be a priority as does rebuilding Atlantic swordfish and ground-fish stocks on both coasts. The Lands Legacy Initiative also includes \$100 million for the Pacific Coastal Salmon Recovery Fund. These funds will enhance the recovery of threatened and endangered coastal salmon by sharing the costs of the conservation actions of tribes, states, and local communities in Alaska, Washington, Oregon and California. Our initiatives recognize that success requires creative approaches and putting a premium on working with fishermen.

This budget also includes \$60 million to continue the Administration's commitment to honor the historic 1999 Pacific Salmon Agreement reached with Canada. This request will provide \$20 million each to capitalize a Northern and Southern Fund. These endowment funds, administered by the Pacific Salmon Commission, will support habitat and stock en-

hancement, science, and salmon management activities in both countries. The remaining \$20 million will be used to support a Vessel License Buyback program in Washington state. These investments, coupled with the proposals for Lands Legacy, will ensure that communities from coastal California to Alaska can reap the rewards of healthy fishery stocks.

In addition to the increases sought for Lands Legacy and for honoring the Pacific Salmon Agreement, Commerce is proposing increases that will enable NOAA to better manage fisheries through more and better data collection while also conducting needed socio-economic analyses into the impacts of fishery regulation decisions. This increase also funds more at-sea observers to monitor foreign vessels' catch of both intended species and unwanted bycatch like sea turtles and sea birds. We also seek to establish a program to alleviate strains on over-fished fisheries. Our \$10 million Fisheries Assistance Fund will couple buyouts with cooperative management and research activities, tailored to meet the needs of fishing communities that seek assistance. We are also requesting funds to refurbish the ADVENTUROUS, a surplus Navy vessel, to enable it to conduct fishery and marine mammal research in the Western Pacific.

Resources are requested to help stem the crisis of extinction of marine life and their habitat. The number of species either listed by NOAA under the Endangered Species Act or under consideration for listing is growing. NOAA is committed to preventing the extinction of at-risk marine species and restoring their habitat and ecosystems, and is requesting an increase of \$12.3 million to continue its effort to protect and conserve these living natural resources and their habitat. NOAA's approach includes establishing greater public involvement in conservation planning, creating incentives for landowners and states to protect species and their habitat in order to prevent the need to list, and entering into long-term conservation plans with landowners.

Finally, the request for safe navigation programs will enable NOAA to continue producing the first-class charts and other navigational products that mariners use to safely navigate our Nation's ports and sensitive coastal areas. These activities will further the efforts begun as part of the Year of the Ocean Initiative to improve the safety and efficiency of marine navigation within our Nation's ocean and coastal waters, while protecting the environment. Increases are requested to support the quality assurance mechanisms necessary to continue the Physical Oceanographic Real-Time Systems (PORTS), partnership of local port communities. PORTS continues to be a public private partnership success story that benefits the public by helping to promote safe, efficient marine navigation. The Department is also seeking funding to map the national shoreline, a third of which has never been accurately mapped. Shoreline mapping is critical to support our increased effort to create modern, electronic navigation charts (ENCs) and is used by states and localities to support coastal management. Finally,

investing in the National Spatial Reference System will ensure the availability of the coordinate framework supporting all mapping, surveying and Global Positioning System (GPS) activities.

NOAA is also seeking to establish a new \$28 million *Climate Observations and Services Initiative* to provide resources critical to extending our ability to produce forecasts on a longer-time scale. This initiative will support transitioning our current research efforts and knowledge into operational systems and products. To do this, NOAA will address a number of key deficiencies in its observation and data management systems and will implement new ocean observations. NOAA will develop a nationwide climate reference network over a period of three years which will ensure NOAA's capability to monitor longer-term changes of temperature and precipitation on a long-term and bias-free basis. Resources will also be dedicated to develop and maintain adequate data management and dissemination systems to assure public and private sector timely access to important environmental data sets. NOAA will develop new forecast products which emphasize risks of high-impact weather events in the context of climate variability. NOAA will expand operations at key remote baseline observatories which are critical to the world's longest atmospheric time series, supplying the public and scientific community with information on the state and recovery of the ozone layer, global carbon dioxide, and other trace gases affecting global climate. Finally, NOAA will establish and maintain a set of core ocean observations (temperature, surface wind stress, salinity, and sea level) essential to improving our understanding and prediction of climate variability.

The strength of our economy also depends on our ability to protect and predict the environment. The Department will focus on new ways to protect the ocean — and help those who depend on it for their livelihood and way of life — as well as predict weather and climate.

The *Natural Disaster Reduction Initiative (NDRI)* is Commerce's focused effort to provide and improve weather warnings and forecasts. Commerce's FY 2001 NDRI will maintain satellite continuity and enable NOAA to maintain and upgrade systems we have in place to ensure that they keep pace with technological improvements. Our FY 2001 request funds the second year of the three-year AWIPS Software Build 5, which, when completed, represents the end of the original modernization program.

Funds are also requested to upgrade existing major systems to avoid obsolescence. Even though NOAA is just completing the modernization program, the technology employed originated in the 1980s. We need to continually update these systems (NEXRAD, ASOS, AWIPS, and the supercomputers) to avoid wholesale replacements in the future.

The increase to maintain satellite continuity is needed to support the next series of geostationary (GOES N-Q) and both

series of polar-orbiting satellites NOAA K-N' and NPOESS. This budget will make sure that we provide decision-makers with the best possible science on global climate change.

Managing the Commerce Department for the 21st Century

Good management continues to be a cornerstone for the Department and a high priority for the Secretary. We are proposing an improved management structure that is based on feedback and oversight from the Office of Management and Budget, Departmental bureau heads, the Inspector General and the General Accounting Office. This revised structure will more accurately reflect the activities funded and provide a more transparent view of the Department's critical management activities. To more accurately describe the activities funded, we propose to change the name of General Administration to Departmental Management. We are also proposing to set up two new sub-accounts under Departmental Management: Security and Digital Department. The new Security account reflects our consolidation of critical security functions into one centrally managed function. It will total \$13.3 million; \$11.3 million of which is transferred from the Salaries & Expenses account and from the Working Capital Fund (WCF) where it was funded by the bureaus last year. As mentioned earlier, to help improve the Department's delivery of services to the public and make it a truly Digital Department, we propose an investment of \$6.3 million to fund critically needed improvements to the Department's telecommunications and information infrastructure. Finally, to establish stability and consistency, we are proposing to hold the WCF at a stable level from FY 2000 to FY 2001.

Additional Initiatives at the Commerce Department

Establishing Safeguards Against Unconventional National Security Threats — To address threats to the country's national security and electronic infrastructure, the Commerce Department seeks an increase of \$89 million. Included in this amount are funds for Critical Infrastructure Protection program and Counter-terrorism.

To continue to combat terrorism and weapons of mass destruction, BXA requests \$11.2 million. This amount will be used to fully implement the Chemical Weapons Convention, provide staff for the international technical assistance program, and strengthen export controls related to nuclear weapons and dual-use technology. The increase will also support implementation of valid Cox report findings including re-authorizing the Export Authorization Act (EAA), obtaining Department-level approvals for exports which are of high national security significance, streamlining licensing procedures, and strengthening U.S. leadership on high performance computer export policies. In addition, the Department is also requesting \$1.6 million to address security concerns and responsibilities as outlined by current Executive Orders, Departmental regulations, and Inspector General recommendations.

In May 1998, the President signed Presidential Decision Directives (PDD) 62 and 63, establishing the interagency Critical Infrastructure Protection (CIP) Program. The Commerce Department was directly assigned three functions of CIP: the Critical Infrastructure Assurance Office, lead agency responsibility for the Information and Communications Sector and research and development responsibilities related to critical infrastructure. This program is an essential part of the President's overall defense strategy.

NIST is requesting \$60.0 million for CIP, including \$50 million to establish and operate an Institute for Information Infrastructure Protection (IIIP) to support research and development of new tools to protect the Nation's critical information infrastructures by working directly with industry and universities through the provision of research grants. The Institute will also assist with the coordination of agency-specific CIP research and development efforts. \$5.0 million is requested for NIST to establish a team of computer security experts to help Federal agencies protect their information systems in accordance with PDD #63. An additional \$5.0 million is included for research and development of new measurements and standards that identify and remedy vulnerabilities to natural and intentional disruptions. Other areas with Critical Infrastructure Protection budget increase requests include BXA, \$3.5 million; NOAA, \$4.0 million; PTO, \$2.2 million; and NTIA, \$6.3 million.

Addressing Critical Construction Needs — This \$37 million initiative addresses critical construction and base program needs at the Census Bureau, NOAA, and NIST. To help resolve the Census Bureau's environmental and structural problems at its Suitland, Maryland facilities, we are requesting \$3.2 million for bureau-specific space planning requirements in support of the GSA-sponsored renovation scheduled to begin in 2003.

While not included in the \$37 million initiative, we are requesting advanced appropriations of \$18.2 million, beginning in FY 2002, to address NOAA's environmental and structural problems at its Suitland, Maryland facilities. These facilities suffer from bacterial water contamination and asbestos, as well as outdated, almost 60-year old, building designs. Since May of this year, and for the foreseeable future, bottled water has been provided at the Suitland facilities because of the presence of fecal coliform bacteria and heavy metals. These funds will provide for above-standard-cost items at NOAA's satellite operations facility that GSA will construct on this campus, scheduled to begin in 2002.

In addition to Suitland, we are requesting: \$4.6 million for the reinforcement of the bluffs under our fisheries science center in La Jolla, California, \$3 million to alleviate the overcrowding and obsolescence of the facility in Norman, Oklahoma, \$11 million for NOAA's marine sanctuaries and estuary reserves, \$1 million for the Juneau, Alaska laboratory, and \$9.5 million for NWS's Weather Forecast Offices and other construction needs. NIST is requesting \$4.5 million to design a new primary electrical

service at the NIST Boulder, Colorado facility and to address the backlog of safety, capacity, maintenance, and major repair projects at both the Gaithersburg, Maryland and Boulder facilities.

Enhancing the U.S. Statistical Infrastructure — The Department of Commerce houses two of the Federal Government's principal statistical agencies. In FY 2001, there are four statistical areas on which the Department will be focusing. The first area, as mentioned earlier, is the completion of an accurate Decennial Census. This is an integral part of the Nation's Statistical Infrastructure. The second area is e-commerce as described earlier. The third area is the American community survey where an increase of \$3.4 million in FY 2001 will eventually allow for the elimination of the Decennial Census long-form. The fourth area is a \$6.1 million request to measure the economic well-being of the Nation. We must guarantee that our Federal statistics can meet the demands policy makers have for data that accurately reflects the "real world." We must close any gaps that may exist in demographics and economic and trade statistics.

Other statistical improvements include \$5.1 million to improve demographic and economic data at the Census Bureau and \$0.7 million for the International Trade Administration to provide more detailed trade data and to provide data in support of import surge monitoring.

Assisting Public Broadcasting Digital Conversion — The Administration is requesting \$84 million to upgrade radio and television broadcasting to provide improved digital services. We will continue to target under-served, rural, and disadvantaged communities. The planned completion date for this conversion is May of 2003. Under the Balanced Budget Act of 1997, auctioning of analog frequencies will occur in 2003 and analog television broadcasting is scheduled to end in 2006.

About Strategic Planning

Commerce Sets a Context for the Future

The Department of Commerce undertakes its strategic planning and goal-setting within the framework of the Government Performance and Results Act (GPRA). With the publication of the first Annual Program Performance Report in March 2000, the Department will have completed the first full cycle of GPRA-mandated activities involving the Strategic Plan, the Annual Performance Plan, and the Annual Program Performance Report. The revised Commerce Strategic Plan (FY 2000 - FY 2005) will be submitted to Congress in September 2000, and it will replace the first Strategic Plan (FY 1997 - 2002) that was issued in September 1997.

Although the Department's Performance Goals set forth in the FY 2001 Annual Performance Plan are well-conceived commitments to advance Commerce's service to America, the

longer-term framework of strategic goals is going through a transition that will culminate in the revised Strategic Plan in late 2000. The first full expression of these new strategic goals will occur in the Department's Annual Performance Plan for FY 2002 that will be published in February 2001.

The emerging new strategic goals for the Department of Commerce reside in three areas related to the core Departmental mission of promoting economic growth. Each will be summarized briefly in terms of the planning context of the early 21st century. Detailed objectives and strategies based upon these strategic goals will appear in the revised Strategic Plan later this year after extensive review and consultation with Commerce stakeholders. The following strategic goals illustrate the emerging directions for the revised Department of Commerce Strategic Plan:

Strategic Goal: Expand Economic Growth — This goal focuses on the traditional Commerce efforts to promote domestic and foreign commerce with particular attention to the dynamics of the global marketplace taking place at the beginning of the 21st century. The challenge of sustaining the remarkable economic expansion of the U.S. economy in the 1990s will be balanced with the need to increase the prosperity of all Americans regardless of their geographic location or ethnic origin.

Strategic Goal: Stimulate Innovation for American Competitiveness — There is an emerging consensus among economic experts that the major driver of economic expansion in the 21st century will be the acceleration of technological change. Nurturing and channeling technological change in the economy is a primary Department of Commerce responsibility, and the challenge for the Department will be to mount a comprehensive campaign to use technological advances to increase American competitiveness in the global marketplace. The opportunities for the information industries and electronic commerce are staggering.

Strategic Goal: Advance Sustainable Economic Development — Like accelerating technological change, the natural environment has been identified as a driver for economic change in the 21st century. Unlike accelerating technological change,

factors involving the natural environment may increasingly have negative or cost implications for the economy. While the late 20th century experienced a revolutionary public awakening to the need to protect nature from pollution and despoilation of modern society, it has come apparent that society must increasingly learn to protect itself from the natural environment itself. Traditional pollution control and conservation strategies must increasingly be joined with parallel efforts to reduce the social and economic cost of hazards from the natural environment such as floods and hurricanes. To the world of the 21st century, sustainable economic development will require that society find new ways to balance and manage its reciprocal relationship with the natural environment — what society does to nature and what nature does to society. The Department of Commerce is uniquely positioned for leadership in this endeavor.

CONCLUSION

The Department of Commerce's FY 2001 Budget continues building the economic bridge between the dramatic accomplishments of the United States in the 20th century and the promise of the 21st century. Our proposals will stimulate technological innovation, expand economic growth, and advance sustainable economic development while ensuring that everyone will have the opportunity to participate and reap the benefits. Accelerating the transition to electronic commerce will narrow the gap in Internet access between rich and poor, minority households and white households, small businesses and those that are large. Promoting Native American and Lower Mississippi Delta region economic development will help those segments of the population participate in the strongest economic expansion in the Nation's history. Expanding Commerce's partnerships with Minority Serving Institutions will build and improve the education infrastructure necessary for the Nation's businesses to compete globally in the scientific and technological fields. We will also strengthen natural resources, establish safeguards against unconventional national security threats, and address critical repairs at Commerce facilities. The Commerce budget will build on the strong economic strategies of President Clinton and Vice President Gore's Administration and will enable this economic growth to expand in the 21st century.